



# New Legislation in 2012

Indiana Department of Local Government Finance

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# Roadmap

- Presentation Format: first slide substance, next slide HEA and Indiana Code cite in support
- Debt Reporting
- Solar Power Deduction
- Homestead Deduction
- Net Assessed Value
- Local Budget Notice and Review
- 1782s
- Debt Service Funds and Circuit Breakers



# Debt Reporting

- Political subdivision must file post-bond sale or lease report within one month of issuing the bonds or executing the lease.
- Political subdivision must file annual debt report. If no new debt has been issued in the reported year, the political subdivision need only verify that the list of indebtedness and related details in Gateway are current and accurate.



# Debt Reporting

- HEA 1072, Sections 4, 5, 6, 7
- Amending Ind. Code      5-1-18-6, -7, -8, -9



# Debt Reporting

- DLGF prescribes Gateway as the reporting method for post-bond sale and post-lease execution reports and for the annual debt report.
- DLGF may not approve an appropriation or debt service levy for a debt unless it is reported.
- DLGF may waive penalty for good cause.



# Debt Reporting

- HEA 1072, Sections 4, 5, 6, 7
- Amending Ind. Code      5-1-18-6, -7, -8, -9
  
- HEA 1072, Section 10
- Amending Ind. Code      5-14-3.8-7



# Solar Power Deduction

- General Assembly clarified that the solar power device deduction does not apply to an entity engaged in the wholesale or retail provision of electricity.
- This is similar to the clarification made for wind power devices in the previous session of the General Assembly.



# Solar Power Deduction

- HEA 1072, Section 15
- Amending Ind. Code 6-1.1-12-26.1





# Homestead Deduction

- County auditor may require an individual to provide evidence that the individual's principal place of residence is a homestead.
- The auditor may limit evidence that shows an individual's principal place of residence to:
  - State income tax return
  - Valid driver's license
  - Valid voter registration card
- VOIDS 50 IAC 24-3-2. Rule contained a list of 15 categories of documents that taxpayer could present to prove that property was a principal place of residence (e.g., bank statement, pay check stub, W-2, and insurance card).



# Homestead Deduction

- HEA 1072, Section 17
- Amending Ind. Code 6-1.1-12-37(j)
- HEA 1072, Section 133
- Voiding 50 IAC 24-3-2



# Homestead Deduction

- If the county auditor determines that an individual claiming a deduction is not entitled to one, the county auditor must inform the individual in writing.
- If the reason for non-eligibility is that the person's residence is not the person's principal place of residence, the county auditor shall inform the individual of the right to appeal to PTABOA.



# Homestead Deduction

- HEA 1072, Section 17
- Amending Ind. Code 6-1.1-12-37(o)



# Net Assessed Value

- Until this session, statutes governing property taxation had no definition for “net assessed value.”
- The term means “assessed value after the application of deductions, exemptions, and abatements.”



# Net Assessed Value

- HEA 1072, Section 20
- Amending Ind. Code 6-1.1-17-0.5



# Net Assessed Value

- Statute governing NAV withholding is made more definite to conform with existing administrative practice.
- The statute now reads that an auditor may reduce a taxing **district's net** assessed value by no more than 2% for successful appeals, granting homestead deductions after NAV submission, reassessment of parcels affected by flooding.



# Net Assessed Value

- HEA 1072, Section 20
- Amending Ind. Code 6-1.1-17-0.5





# Net Assessed Value

- Any reduction of NAV above 2% requires the county auditor to appeal to the DLGF:
  - Appeal should include supporting documentation and an explanation of why the appeal should be granted
  - DLGF may approve, modify, or reject the appeal



# Net Assessed Value

■ Ind. Code 6-1.1-17-8.5



# Local Budget Notice and Review

- Two hard deadlines by which unit must publish notice of its Form 3 (estimated budget, max levy, current and proposed levies for each fund, amounts of excess levy appeals, public hearing date and adoption hearing date)
- First newspaper publication must take place by September 13 and at least TEN DAYS before the public hearing date.
- Second publication by September 20



# Local Budget Notice and Review

- HEA 1072, Section 23
- Amending Ind. Code 6-1.1-17-3



# Local Budget Notice and Review

- The county council (or city or town fiscal body as appropriate) must publish this notice on behalf of political subdivisions subject to binding adoption.
- Political subdivision subject to council binding adoption is still obligated to pay for the publication.



# Local Budget Notice and Review

- HEA 1072, Section 23
- Amending Ind. Code 6-1.1-17-3



# Local Budget Notice and Review

- Schools will participate in non-binding review for the first time this year.
- Schools will now be required to submit an estimated tax rate and tax levy, but not a proposed budget.
- Every taxing unit (including schools) must file this information by September 1.
- County council must complete review by October 1.



# Local Budget Notice and Review

- HEA 1072, Section 24
- Amending Ind. Code 6-1.1-17-3.5





# Local Budget Notice and Review

- As in the past, for non-school units, nonbinding review requires county council:
  - To review unit's proposed tax rate, tax levy, budget
  - To issue nonbinding recommendation to unit regarding proposed tax rate, tax levy, and budget
    - Compare unit's proposed budget and levy increase to average increase in both Indiana and county nonfarm personal income for preceding six years
    - Compare unit's proposed increases to budget and tax levies to increases in budgets and tax levies of other units in the county



# Local Budget Notice and Review

- HEA 1072, Section 24
- Amending Ind. Code 6-1.1-17-3.5



# Local Budget Notice and Review

- For non-binding review of schools, county council must review the estimated tax rate and tax levy (not budget).
- No recommendation regarding the school's tax rate or levy is required.



# Local Budget Notice and Review

- HEA 1072, Section 24
- Amending Ind. Code 6-1.1-17-3.5



# Local Budget Notice and Review

- If the taxing unit fails to file the information by the September 1 deadline, it will receive its most recent annual appropriation and tax levy.
- If the county council fails to perform both the review AND recommendation, as required, by October 1, the county will receive the most recent annual appropriation and tax levy.



# Local Budget Notice and Review

- HEA 1072, Section 24
- Amending Ind. Code 6-1.1-17-3.5



# Local Budget Notice and Review

- Binding adoption is now automatically performed by a county, city, or town for any taxing unit (including a school) whose governing body has a majority of unelected members—EXCEPT libraries.
- Formerly, for some taxing units, the law required that a taxing unit's unelected board was only required to submit to binding adoption if its proposed budget increased by more than the growth quotient.



# Local Budget Notice and Review

- HEA 1072, Section 27
- Amending Ind. Code 6-1.1-17-20





# Local Budget Notice and Review

- The former rule still applies to libraries with majority unelected boards.
- If a library (1) has a majority unelected board and (2) its budget increase exceeds the growth quotient:
  - the county, city, or town fiscal body (as applicable) will adopt the library's budget
- If the library's proposed budget increase does not exceed the growth quotient, binding adoption does not apply.



# Local Budget Notice and Review

- HEA 1072, Sections 27, 28
- Amending Ind. Code 6-1.1-17-20 and adding Ind. Code 6-1.1-17-20.3



# Local Budget Notice and Review

- If taxing unit fails to file budget information for binding adoption by September 1, it will receive the prior year's budget and levy.
- If the fiscal body performing the binding adoption fails to adopt the taxing unit's budget by November 1, the fiscal body will receive the prior year's budget and levy.
- If a taxing unit submits to binding adoption, it must also have additional appropriations approved by applicable fiscal body.



# Local Budget Notice and Review

- HEA 1072, Sections 27, 29
- Amending Ind. Code 6-1.1-17-20
- Amending Ind. Code 6-1.1-18-5
- Ind. Code 6-1.1-17-5



# 1782s

- A 1782 is in essence a preliminary budget order.
- The past two years, DLGF has sent 1782s and received 1782 responses via U.S. mail, fax, and e-mail.
- For 2012 pay 2013, DLGF will send 1782s by e-mail only and will receive 1782 responses by e-mail and fax only.



# 1782s

- HEA 1072, Section 25
- Amending Ind. Code 6-1.1-17-8.5



# Debt Service Funds and Circuit Breakers

- Circuit Breaker law protects debt service taxes.
- Debt service is still subject to circuit breaker but levy must fill the debt service fund to fully pay for debt service.
- This applies to budgets for 2012 pay 2013, not December settlement in 2012.



# Debt Service Funds and Circuit Breakers

- HEA 1072, Section 35
- Amending Ind. Code 6-1.1-20.6-9.8





# Contact the Department

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